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AGAINST REFORMIST TENDENCIES IN WORKS ON IMPERIALISM

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My book, Changes in Capitalist Economy as a Result of the Second World War, along with a whole series of other works of the former Institute of World Economy and World Politics, published after the war, for which I as director of this Institute bear responsibility, was, as is well known, subjected to severe criticism in the Party press and in scientific discussions. This criticism was necessary and correct. My mistake was my failure to acknowledge immediately the accuracy of this criticism as other comrades had done. But better late than never.

The trouble lay in the exposure of errors in general, and in the nature of these errors. It is difficult to avoid errors in a book in which an attempt is made for the first time to investigate independently a problem as complicated as the influence of the World War II on capitalist economy. The critics correctly pointed out that these errors formed a complete chain of errors with reformist tendencies which, taken as a whole, constituted a definite departure from Lenin's and Stalin's evaluation of contemporary imperialism.

It is obvious that errors with reformist tendencies are errors with cosmopolitan tendencies and therefore enhance capitalism.

Every reformist tendency, every encroachment on the purity of Marxist and Leninist teaching is, under contemporary historical conditions, very dangerous.

The intensification of the general crisis of capitalism has caused the bourgeoisie to rely all the more on reformists in their struggle against the working class, against Communism and its citadel, the Soviet Union. Close collaboration between the bourgeoisie and reformist traitors exists in every capitalist country. A day does not pass without the reformists performing some service for the bourgeoisie and betraying the interests of the working class (attempts at schisms in the International Federation of Trade Unions, agitation for the "Marshall Plan" and the North Atlantic Pact, slander against the Soviet Union, etc.).

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In countries such as England, the Scandinavian states, and Australia, the reformists are in power. This means that the bourgeoisie have entrusted the preservation of their class mastery and the representation of their class interests directly to the betrayers of the working class. In a number of countries reformists are taking part in coalition governments along with bourgeois parties, and in Greece they are even collaborating with the fascist hangmen of the workers.

With the object of deceiving the workers, the reformists announce that they are in power, are converting the bourgeois state to an instrument of the working class, and are achieving socialism by peaceful reform without a revolution. This dangerous counterrevolutionary deception can be exposed and eliminated by a logical defense of Marxist and Leninist teachings on the class character of the bourgeois state, regardless of whether the government is headed by a bourgeois or "socialist" ministry.

Every error with reformist tendencies in the relationship of bourgeois states, which unfortunately turned up in my book, (independent of the author's wishes) is definitely a buttress of the counterrevolutionary reformist deception of the working class and, ipso facto, a buttress of bourgeoisism.

Errors with reformist tendencies in my works are at present especially dangerous both for workers of capitalist countries and for workers of the people's democracies. Hundreds of thousands of Social Democratic workers and hundreds of leftist leaders of the Social Democrats of these countries have entered the Communist Party singly, or have joined the Party in groups with the sincere desire to become true Party members. These people must be purged of the reformist ideology in which they were educated, and must be re-educated according to Marxist and Leninist principles. For people who have been educated for tens of years in reformist ideology, this transition is difficult. The danger of reformist revision remains for a while. Our brother parties need and expect assistance from the scientific workers of the Soviet Union in their struggle against reformist ideology. If errors with reformist tendencies slip into our work (as happened to me), not only are we not giving our brother parties any assistance, but we are obstructing their important work in the re-education of new Party members, the former Social Democrats.

I want to emphasize the following remarks.

Openly reformist books cause slight damage because their influence can easily be rendered harmless. However, books like mine, in which reformist errors are more or less hidden and can be exposed and corrected only with difficulty, cause much more damage.

(I must note that after the appearance of my book in Hungarian, the central theoretical organ of the Hungarian party of workers published an article, criticizing my book, in complete accord with the critical articles which appeared in our Party press.)

The errors in my book which were exposed by criticism are all the more significant since they are primarily concerned with the evaluation of the role and nature of the bourgeois state today and in the recent past.

It is well known that for more than 50 years the evaluation of the bourgeois state has been one of the basic points on which revolutionary Marxist Bolsheviks and counterrevolutionary reformists have disagreed. Marx and Engels in all their works, in Criticism of the Gotha Program, in the analysis of the Parisian Commune, in Origins of the Family, Private Property, and the State, in Anti-Duhring, etc., as well as in their letters, always emphasize the nature of the bourgeois state as an instrument of the class mastery of the capitalists and as a weapon for the oppression of the workers. The reformists conceal or distort the declarations of Marx and Engels on the state.

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Lenin dedicated one of his own brilliant polemic works, The State and Revolution, to the struggle against reformism. He writes in the introduction "We shall examine first of all the teachings of Marx and Engels on the state, dwelling in great detail on certain aspects of this teaching which is omitted or subjected to opportunistic distortion."

With the numerous indications of Marx and Engels as their starting point, Lenin and Stalin developed teachings relating to the state. They especially emphasized the fact that in an age of imperialism the state in an imperialistic country is an instrument of the financial oligarchy for the enslavement of all the workers.

How was it possible that in the face of the only correct theory of the state, developed by Lenin and Stalin and known to all Marxists, a number of errors with reformist tendencies on the role of the state in war economy slipped into my book?

The basis, the origin, of these errors, as my critics have correctly pointed out, is the methodologically erroneous separation of economics from politics, the attempt to represent fluctuations in capitalist economy as "purely economic," dissociated from any connection with politics.

Departures from the Marxist and Leninist dialectical methods, which require a complete examination of the interrelationships of all the phenomena being analyzed, must inevitably lead to errors with reformist tendencies.

Economics is the relationship of classes. The class struggle is the basis for politics in every class society. Politics is concentrated economics. If one attempts to analyze the economics of capitalism dissociated from politics (as has happened to me and to many other authors of the former Institute of World Economy and World Politics), this departure from the Marxist and Leninist method must inevitably lead to errors with reformist tendencies, against the will of the author.

A methodologically defective exclusion of politics and of an analysis of class relationships and conflicts has led to an incorrect evaluation of the role of the state in war economy, to the fallacy of "the decisive role of the state" in war economy. If one examines the role of the state in capitalist war economy from a "purely economic," rather than a class, point of view as was incorrectly done by me, one comes to the erroneous conclusion that the dominant financial oligarchy does not play a decisive role in this "state." On the basis of this superficial, "purely economic" investigation, which replaced Marxist and Leninist class analysis, one inevitably comes to the erroneous conclusion that in the interest of the conduct of the war, the state acts counter to the interests of individual monopolies.

Discussing the bourgeois state in my book, I wrote, "Its attempts at the most expeditious utilization of all the resources of the country for military purposes constantly conflict with the private interests of individual capitalist enterprises, with their desire to obtain possibly greater profits" (page 10).

Participating in the discussion, my critics justly pointed out that the above assertions give grounds for acknowledging the superclass nature of the bourgeois state.

It is obvious that I was far from denying the class nature of the bourgeois state. However, by characterizing the modern state as "an organization of the bourgeoisie as a whole" and not, as I should have done, as a state of the financial oligarchy, I was certainly permitting errors to slip in.

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Methodology which was erroneous in principle led to errors with reformist tendencies although the actual facts were correctly set forth. I clearly pointed out (pages 30 - 31) that representatives of the big monopolies held the highest positions in agencies for the administration of the war economy both in the US and in England. I wrote, "During the war, big monopolies maintained a decisive influence on the economic policy of the state as a whole and, in particular, on the activity of war economic organizations, in whose direction they took a decisive part, actually heading these organizations" (page 37).

Facts which have been accurately ascertained have little value from the standpoint of investigation, if they have been cited without the application of Marxist and Leninist methodology and the proper dialectical interrelationships, and if they are not generalized in theory. These facts must be presented on the basis of the Marxist and Leninist theory of the state as proof of the further strengthening of the wartime bonds between the governmental organization and the financial oligarchy which guaranteed big monopolies high profits in wartime as well as in peacetime.

My critics quite properly pointed out other important errors with reformist tendencies in problems on the state which appeared in my book. On page 318 I wrote, "The role of the state will become more significant in the future than it has been during the war. The problem of greater or lesser state control will constitute the chief content of the political struggle between the two basic classes of capitalist society, the bourgeoisie and the proletariat. The growing polarization of bourgeois society, its division into two basic antagonistic classes, will increase the comparative importance of the proletariat."

Any reformist would endorse these lines. They were written with the knowledge that immediately after conclusion of the war in 1945 the Communists were participating in the governments of a majority of the countries of Europe, not only in the peoples' democracies, but also in France, Italy, Finland, etc. They were written in the hope that the Communists of the various countries, as the heart of the resistance movement against the Fascist occupiers, by utilizing their influence on the masses, could maintain and expand their position in the government and, in conflict with the bourgeoisie, could take over the rule of the state.

This train of thought did not take into account the decisive fact that the machinery of state remained bourgeois, that the machinery of coercion (the army, the police, the gendarmerie) remained as before. When the Communists, participating in the governments of the bourgeois states, attempted to defend the interests of the proletariat against the bourgeoisie and to change the class character of the state, they were forced out of all the bourgeois governments. This action was made possible despite the mass support given to the Communists by the working population because the Anglo-American occupation authorities, foreseeing some sort of conflict, disarmed the resistance movement, which was led by the Communists, in France, Italy, etc., scattered its combat units, and supported reaction in its struggle against Communism with their troops.

This process was reversed in the people's democracies where the workers, with the support of the Soviet Union, maintained their weapons and power in the state, and the representatives of the propertied classes were excluded from the government as they lost the support of the people.

Events in postwar Europe are a new, clear indication of the accuracy of the Marxist and Leninist theory of the state which identifies the problem of state power as the problem of the relationships of class forces which can only be resolved in class conflict.

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Unfortunately, there are also errors with reformist tendencies in one of my articles written in 1947 on the 30th anniversary of the Great October Socialist Revolution.

I wrote in my article, "The bourgeoisie of Europe, the motherland of capitalism, now acknowledge that the capitalist social structure is in need of thorough reform, and that it is impossible to get along without measures such as the nationalization of important branches of industry, state control of economy, and planned economy."

Of course, this position is incorrect. The bourgeoisie and especially their lackeys, the reformists of every kind, make the above statements only to deceive the workers and to fight against the Communist Party and the ideas of Communism. The more clever European capitalists and, particularly, their reformist lackeys proclaim in words the necessity of a "thorough reform" of capitalism in the direction of socialism. This is easy to understand. During the course of a single generation, the capitalist system of economy has precipitated Europe into two world wars which cost the lives of millions of workers; which left hundreds of thousands of blindmen, cripples, and orphans; which led to hunger and epidemics while the war contractors became incredibly wealthy. Capitalism has to its account Fascist barbarity, concentration camps, racial hatred, and the annihilation of millions of innocent people. Day after day this social system shows the masses that it has outlived itself, that it is rotten to the core, and that historically it is doomed to destruction. Capitalism has led to mass unemployment and to chronic inadequate use of the industrial machine. At the end of my book I formulated the shortcomings of capitalism as follows:

"There always remains the terrible fact that the only time in the last quarter of a century, when those seeking work in the bourgeois countries actually found it, was during the World War. Capitalist society was able to provide work for all the workers only when millions of people destroyed each other, and other millions produced weapons of destruction for this purpose.

"There always remains the terrible fact that in the last quarter of a century the means of production of the capitalist world were fully utilized only during the years of frightful suffering for mankind" (page 319).

It is obvious that under these conditions the capitalist, or the apologist for capitalism, now rarely comes out openly for the preservation of hatred toward the workers of the social system. If the capitalist did, he would drive the workers even more rapidly into the camp of communism. Therefore, noisy talk is heard about the thorough reforms of capitalism, while all means are applied to the preservation of the existing system of capitalist exploitation.

(At this time I should like to recall the fact that the fascists orally practiced "anticapitalist" demagoguery and expounded some nonsense about "German Socialism." Today, it is generally difficult to distinguish reformists like Jules Moch, for example, from fascists.)

If I did not mention everything in connection with any point in my book which has been criticized, I would be guilty of omissions, of performing a service for the reformists. As Lenin pointed out in the preface to his book The State and Revolution, "The fight for the liberation of the working masses from the influence of the bourgeoisie in general, and the imperialistic bourgeoisie in particular, is impossible without a fight against opportunist prejudices in regard to the state."

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The inaccurate characterization of nationalization in England, made by me, trends in this very direction. It is obvious that the nationalization of the important branches of the economy is a further strengthening of state capitalism. I had incorrectly written, "Bourgeois nationalization also signified progress in the direction of a new type of democracy" (World Economy and World Politics, No 3, 1947, page 5).

This error originates in my ignorance of the distinction in principle between the present English state headed by a Laborite government and the peoples' democracies. The English state with the Laborites in power is a bourgeois state, a state of monopolistic capital, whose chief function is the guarantee of the class mastery of the big bourgeoisie. It is true that from time to time Shinwell or Laski are permitted to make demagogic speeches in order to keep the workers in the reformist camp, but the army, the instrument of coercion of the state, is in safe hands as far as the bourgeoisie are concerned, and is used against the workers. The bourgeoisie throw the workers scraps left over by the aristocrats from their excess monopolistic profits, pay high salaries to those who are employed in the governmental machinery of the laborite bureaucrats and, as recent actions against some of these people have indicated, bribe them with little gifts. Such is the approved policy of the English bourgeoisie.

The same picture is seen in the US. In the big capitalist newspaper Neue Zürcher Zeitung, 21/I, 1949, we read in an article of the US correspondent under the characteristic title "New Lords":

"In recent years in the lobbies of the White House in Washington and in the anterooms of the various Departments, a new type of individual, the trade-union leader, is encountered more and more often. Superficially, he is in no way different from the average American businessman.

The income of the trade-union leaders is now approximately equal to the income of the average businessman. The same may be said of their style of living.

The ideology of class conflict is foreign to them. They stand with both feet on the ground, but their heads are not in the clouds. Their thoughts are directed toward the immediate problems which they are called upon to solve, and they do not lose themselves in dreams about the future. The American trade-union leader feels himself increasingly responsible for the well being of 'his' industry and 'his' economy."

This report clearly indicates the complete estrangement of the trade-union leaders of the US from the workers, and their coalition with the bourgeoisie. Lewis, director of the United Mine Workers, receives a salary of \$100,000 a year. To date, the President of the US receives a smaller salary than Lewis.

The following lines from the "radical" daily New Statesman and Nation, 26/II, 1949, indicate the extent to which the big English capitalists are satisfied with the activities of the laborite government:

"A few days ago, a rather important industrialist, commenting on the political situation, said, 'Of course, we had difficulties after the war, but now the workers are hard at work, and everything is in order. You realize that I am a staunch Conservative and always have been. However, I am afraid even to think of what would happen if the Conservatives were to return to power now.'"

On the other hand, the states of the peoples' democracies are states of the workers, which carry out the functions of the dictatorship of the proletariat in the interests of all the workers against the exploiting classes. The army and the state machinery in these countries are in safe hands for the workers and are used against the exploiters.

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Because of the class character of the state, nationalization in England does not mean "progress in the direction of a new type of democracy."

The former proprietors, the big monopolists, continue to direct the nationalized branches of the economy. No one can doubt that they are finding ways and means of placing their own non-nationalized enterprises in other branches of industry in favorable positions at the expense of the nationalized enterprises, i.e., at the expense of the state.

Great compensations guarantee the owners of the nationalized enterprises their former revenues. They are insured against the coming economic crisis which will shake England very hard in the not too distant future. Crises do not frighten them. Their revenues are guaranteed at the expense of the taxpayers, i.e., the workers, even though the nationalized branches of industry operate with great deficits and the crisis causes the bankruptcy of many private enterprises.

An illogical application of the Marxist and Leninist theory of the state has led to errors and confusion in the examination of the colonial problem and, particularly, to an incorrect evaluation of the change in the relationship between England and India.

The conversion of India into two dominions is a compromise between the ruling classes of England and India. The bourgeoisie of India, in close union with the feudal landlords, betrayed the national liberation of India in order to maintain their class mastery over the millions of workers and peasants of India within the framework of the British Empire. The bourgeoisie of England have given up actual direct rule with the help of occupation forces in order to maintain their capital and other economic advantages in India, and to participate in the exploitation of the Indian workers.

In my book, I incorrectly evaluated the financial relationships between England and India. I wrote, "The conversion of India from a debtor of England to its creditor is a significant change in the economic relationships of these two countries and is, therefore, a change to the advantage of India. India's new financial position was purchased at the price of great sacrifices by its working population whose living standard was abruptly lowered. In some provinces, for example, Bengal, the population actually starved" (page 222).

Was India actually converted into a creditor of England? If we approach this problem from the mechanical standpoint, as a bookkeeping problem, the answer is certainly, "yes." England owes India more than the official evaluation of its capital investments in India. However, if we ask the question, "Who is exploiting whom?" the answer is obvious. The surplus value does not go to India but is expropriated by England, so that, despite the fact that India occupies the position of creditor, she is still paying England significant yearly sums. This is easy to understand. The claims of India, and Pakistan, on England are primarily noninterest-bearing state assets, whereas English capital invested in India is primarily direct capital investments and, on the basis of an excessively high level of exploitation, bears very high profits. According to total amount of capital, India is a creditor of England, but according to income derived from the capital, England is still an exploiter of India.

It is obvious that English capital investment in India guarantee England very powerful economic and political positions, made the more powerful because the English state itself decides when, to what extent, and under what conditions it will "repay" its debts to India. Certain English politicians have come out against paying India under the pretext that the debts were incurred as a result of the defense of India. Naturally, India cannot compel England to pay. She

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cannot send her fleet to bombard English ports as England has often done to debtors whose payments were overdue. Even if England promises to make India yearly payments on her debts, it is chiefly because open refusal to pay would lead to a dangerous increase in the penetration of American capital and to the growth of its influence in India.

(Indian economic periodicals are full of complaints because English industry has not delivered the machines and other means of production ordered by Indian capitalists which have had to be paid for out of India's current account in London.)

Acknowledging my error, I should like to note that it is impossible to say that "absolutely nothing" has changed in the relationship between India and England. However seriously we may evaluate the economic, military, and political positions of England in India (England is still enjoying customs preference in India and Pakistan, and both these countries have entered into the sterling block), the fact remains that from a colony occupied by English troops and administered by English civil servants, India has become a semi-colony, a dominion, in which the bourgeoisie through fear of the workers' and peasants' movement, have betrayed the fight for liberation by compromising with English imperialism, and have set up their own machinery for coercion. It is possible for India to maneuver between England and the US by taking advantage of the differences of opinion between English and American imperialism.

(English imperialism is being everywhere increasingly dislodged by American imperialism. The US has actually dislodged England from the Ruhr, Palestine, Greece, etc. The American plan of "assistance to undeveloped regions" is also directed at increasing the penetration of American capital in the colonies of the European imperialists beginning with the English colonies.)

Without overestimating the significance of the conversion of India from a colony to a dominion, we must nevertheless examine this conversion as a stage in the historical process of the decline and fall of the British empire which is taking place before our eyes. The complete independence of India, which has been dishonorably betrayed by the Indian bourgeoisie on account of class interests, will be attained by the workers of India under the leadership of the working class, which awaits the end of the rule of the Indian landlords and the bourgeoisie along with their British protectors.

The methodologically incorrect separation of the analysis of economics from politics, the nondialectical division of the examination of the role of the bourgeois state in war economy into two chapters (in the first chapter of the book, an examination of control as such, and in the second chapter of the book, treated as a separate subject, an examination of the lack of planning and the anarchy of production in spite of control), and the omission of an analysis of the political aspects of the economic problem create the impression that I deny the existence of elemental economic laws in the development of capitalism in war economy and that I claim the existence of a planned economy in capitalist relationships during the war. However, these errors were on no account intentional. On page 35 of my book, I wrote, "to call wartime control of the economy 'planned economy' is of course absolutely incorrect." In my statement of the problem as a whole, the necessary Marxist clarity is lacking.

As usually happens when you want to defend your errors, at the time of the discussion I aggravated these errors with my statement that something like an original 'state plan' appeared "in certain capitalist countries after the war." I must point out that all my statements on the problem of "planning under capitalism" are a great deviation from my correct position in 1935 when, in my speech to the 7th Congress of the Communist International, I explained the nature of the demagogic bourgeois propaganda of the reformists on "planning under capitalism" in the following words, "The basic causes of this propaganda

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are: (1) The insolubility of the problem of markets, (2) the attempt to mask the looting of state funds by the financial oligarchy, (3) the attempt to mask the reorganization of the national economy to conform to war needs, and (4) the attempt to hold back the process of revolution by the working masses."

An even more resolute fight must be undertaken against the false propaganda of "planned economy" under capitalism, connected with the Marshall Plan, which is now being carried on by the reformists.

(American monopolists, calling for "the initiative of free enterprise" among themselves in the US, require planning of the economy of the western European countries in the interests of the American financial oligarchy.)

I was absolutely wrong in examining the formation of the peoples' democracies only as a political development and in holding over their analysis for the planned second, political part of my work. The defection of these countries from the system of imperialism was, undoubtedly, one of the most important social and economic consequences of the Second World War and signified the intensification of the general crisis in capitalism.

A one-sided, purely economic approach in my examination led to an incorrect evaluation of the significance and nature of this group of nations, to an evaluation in which I maintained that "the development in these countries of a new type of economy, which cannot be called capitalism in the old sense of the word, is not significant because the importance of these countries in capitalist world economy as a whole is relatively slight, and because they do not basically change the general outlook for the development of capitalism as a whole" (page 291).

This evaluation was inadequate and incorrect. I was wrong in examining these states as capitalistic, even if not "in the old sense of the word," since they are certainly moving rapidly along the path of socialism. I was wrong in maintaining, as I have already pointed out in this discussion, that state capitalism prevailed in these countries, and I was especially wrong in evaluating their significance on the basis of economic and statistical considerations as being "relatively slight." The rise of the peoples' democracies, their economic expansion and rapid socialist development on the basis of the experience and close assistance of the Soviet Union, under regimes which are carrying out the functions of the dictatorship of the proletariat, has great significance in principle. Only a nondialectical, economic approach to my study, a neglect of the instructions of Comrade Stalin on the necessity of orienting oneself to that which is new and which is found in development, obscured for me the path to the proper evaluation of the nature and significance of the peoples' democracies.

The dissociation of economics from politics has also led to other types of errors: to a one-sided examination of the role of workers in the war economy, only as a productive force, apart from the class conflict; to a disregard of the conflict between the two systems and to the inaccurate assertion that within the democratic camp this conflict was suspended during the war; and to an incorrect evaluation of the consequences of agrarian reform in the peoples' democracies. I cannot take all these points up separately.

One fact has particular significance as a result of my incorrect method of examination: the problem of the intensification of the general crisis of capitalism was not mentioned in my book. This omission will inevitably create the impression among my readers that the World War is not reflected in an intensification of the crisis. Of course, it is impossible to examine all the problems in a single book, but the absence of the problem of the general crisis of capitalism is a serious omission.

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Continuous delay on my part in acknowledging the errors exposed by criticism would cause harm, and would compel our economists to return to problems which were long ago correctly solved by Marxism and Leninism. Even worse, delay would make it possible for the warmongers in the imperialist camp to spread the lie that I was a man of "western orientation" which would mean that I was a counterrevolutionary, a betrayer of the working class.

Honest acknowledgment of outright errors, and a thorough examination of their causes were considered by Lenin to be uniquely proper in the relationships of the Communist Party as well as in the relationships of individual comrades.

In his theoretically profound polemic work The Juvenile Disease of "Leftism" in Communism, Lenin wrote the following:

"What applies to individuals also applies to politics and to parties, with appropriate modifications. The man who does not make mistakes is not wise. We do not and cannot tolerate such men. The man, who makes mistakes which are not too essential and who can correct them easily and quickly, is a wise man."

I certainly have acted unwisely in this matter.

Errors, which were exposed in the remaining works of the former Institute of World Economy and World Politics, and which were written during the war, are similar in principle to mine. Their authors worked under my direction, and as their director I bear full responsibility for their errors.

It is obvious that I must learn my lesson for the future from the errors which I have made. The elaboration of political problems as a mere sequel, as the second volume of the planned work, is not now feasible. It would likewise be methodologically wrong to write an independent work on the politics of contemporary imperialism not based on the economic changes during and after the war.

In his work Imperialism and the Schism in Socialism, Lenin wrote about Kautsky:

"This definition of Kautsky is theoretically false right through ... Kautsky dissociated the politics of imperialism from its economics, dissociated monopolism in politics from monopolism in economics in order to clear the road for his own banal bourgeois reformism....."

In short, a new, independent book on the postwar economic and political problems of imperialism must be written in place of the planned second volume of my former work. This book must be written free of the reformist errors which were permitted to slip into my book Changes in Capitalist Economy as a Result of the Second World War.

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